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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
whether there has been a violation of the
Securities Act of Washington by:

Columbia City Cinema, Inc.;
Paul Doyle,

Respondents.

Order Number S-10-424-10-SO01

**STOP ORDER DENYING EFFECTIVENESS
OF APPLICATION FOR REGISTRATION
AND STATEMENT OF CHARGES AND
NOTICE OF INTENT TO ENTER ORDER
TO CEASE AND DESIST, IMPOSE FINES,
AND RECOVER COSTS**

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THE STATE OF WASHINGTON TO: Columbia City Cinema, Inc.
Paul Doyle

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**STOP ORDER DENYING EFFECTIVENESS OF APPLICATION FOR REGISTRATION AND
STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington enters an order against Columbia City Cinema, Inc. under RCW 21.20.280 denying effectiveness of the application for registration filed by Columbia City Cinema, Inc. Furthermore, the Securities Administrator of the State of Washington has reason to believe that Respondents, Columbia City Cinema, Inc. and Paul Doyle, have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against each to cease and desist from such violations.

The Securities Administrator finds as follows:

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STOP ORDER DENYING EFFECTIVENESS OF
APPLICATION FOR REGISTRATION AND
STATEMENT OF CHARGES AND NOTICE OF
INTENT TO ORDER TO CEASE AND DESIST,
IMPOSE FINES, AND RECOVER COSTS

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 **TENTATIVE FINDINGS OF FACT**

2 Respondents

3 1. Columbia City Cinema, Inc. (CCC, Inc.) is a Washington corporation established on September
4 21, 2010. Its principal place of business is 4816 Rainier Avenue South, Seattle, Washington 98118.

5 2. Paul Doyle (Doyle) is a Washington resident. Doyle is the Chief Executive Officer and Chief
6 Operating Officer of CCC, Inc.

7 Registration of common stock of Columbia City Cinema, Inc.

8 3. On September 27, 2010, an application for registration was filed with the Securities Division under
9 RCW 21.20.210 for an offering of \$450,000 worth of common stock in CCC, Inc. The business of CCC,
10 Inc. is the operation of a “3-screen neighborhood cinema showing first run movies” located in Seattle. Prior
11 to filing the application for registration that is the subject of this Stop Order, Doyle is believed to have
12 operated his cinema business as at least two different entities, Columbia City Cinema, LLC (CCC, LLC)
13 and Columbia City Cinema Limited Liability Company, LLC. According to an internal memorandum dated
14 April 15, 2010, Doyle converted CCC, LLC into CCC, Inc.

15 4. The Small Company Offering Registration (SCOR) Disclosure Document (Form U-7) submitted by
16 CCC, Inc. was substantially incomplete. The Form U-7 is the registration application and principal
17 disclosure document to be used in a SCOR offering. The Form U-7 submitted by CCC, Inc. did not
18 adequately describe the company’s business or the risks involved in investing in CCC, Inc. Moreover, the
19 Form U-7 did not discuss the outstanding debt issued by CCC, LLC and/or Doyle on behalf of his cinema
20 business.

21 5. On October 4, 2010, the Securities Division responded by letter to CCC, Inc.’s application for

1 registration. The letter indicated that the materials submitted were materially incomplete. Doyle was
2 instructed to submit a complete application, including, but not limited to, financial statements for CCC, Inc.,
3 and documentation of authorized capital stock. Furthermore, based upon financial statements submitted to
4 the Securities Division which appeared to indicate that CCC, LLC had raised over \$150,000 through the
5 issuance of promissory notes to individuals, the letter requested a list of previous securities offerings,
6 amounts raised, and an explanation as to with which exemption(s) from registration those offerings
7 complied. The Securities Division further requested that CCC, Inc. submit a written statement waiving
8 effectiveness under RCW 21.20.230. Doyle submitted a written statement waiving effectiveness on October
9 13, 2010.

10 6. On October 19, 2010, the Securities Division received a revised application for registration from
11 CCC, Inc. The revised application for registration failed to address the request for information concerning
12 the issuance of promissory notes by CCC, LLC. On November 2, 2010, the Securities Division responded to
13 CCC, Inc.'s revised application for registration. The Securities Division again asked Doyle to identify in
14 writing the exemption(s) under which the CCC, LLC promissory notes were offered and sold, and requested
15 all promotional and disclosure materials provided to potential investors in connection with the offer and sale
16 of the promissory notes. CCC, Inc.'s counsel submitted a written response to the Securities Division on
17 December 1, 2010, regarding the offer and sale of promissory notes by CCC, LLC. However, this has not
18 been addressed in the Form U-7.

19 Ongoing offering of common stock in Columbia City Cinema, Inc.

20 7. Beginning no later than November 1, 2010, CCC, Inc. maintained the website

1 www.columbiacitycinema.com (“website”). As of November 30, 2010, there is a section on the main page
2 of the website headed “We need to sell 50,000 shares of stock by January 1 or we close.” The main page
3 also states that CCC, Inc. would contact investors when its offering is approved. Moreover, a potential
4 investor may view an “Offering Brochure” (brochure), subscription agreement, and “Stock Order Form.”

5 8. On November 29, 2010, King 5 News of Seattle (King 5) presented a story about CCC, Inc. and its
6 financial struggles. The story appeared on both King 5’s newscast and its website, www.king5.com.
7 According to King 5, “Doyle is asking people to buy shares in the theater” and says the theater needs help
8 to stay open. The newscast showed a sign posted in the theater headed “Want Stock?” that instructs
9 interested customers to leave their contact information at the box office.

10 9. On November 29, 2010, the Seattle Post-Intelligencer (Seattle PI) presented a story about CCC,
11 Inc.’s offering of common stock. According to the Seattle PI, Doyle is hoping to raise \$50,000 by the end
12 of the year, and “the theater was about half way to its goal.”

13 10. The website and brochure fail to disclose the risks inherent in investing in CCC, Inc., including but
14 not limited to, the risks associated with holding a minority stake in a corporation. According to the Form
15 U-7 submitted by CCC, Inc., a potential investor who purchased 100% of the offering would own 48% of
16 CCC, Inc., while Doyle would own 52%. However, neither the website nor the brochure discusses what
17 percentage of CCC, Inc.’s shares is being made available for purchase by the public. Furthermore, the
18 website represents that investors’ “money is safe” and that CCC, Inc. stock is a stock “that pays for itself.”

19 11. The brochure states that CCC, Inc. is selling its stock to “pay down a huge debt.” However, the
20 brochure does not explain the size of the debt, the creditor(s), or the debt’s terms.

21 12. The brochure states that once CCC Inc.’s debt is eliminated, the business will “rock.” The brochure

1 does not discuss the possibility of further financial difficulties arising after the debt has been eliminated.

2 13. The brochure states that investor funds will be used for “debt reduction, operating capital, and
3 installation of a sprinkler system.” The brochure does not explain the percentage of investor funds that will
4 be dedicated to each purpose.

5 14. The brochure states that CCC Inc. has a “successful track record” and that “[b]usiness has always
6 been good.” However, CCC, Inc. has failed to provide financial statements to potential investors to
7 substantiate those claims. In fact, the profit and loss statement submitted to the Division by CCC, Inc. for
8 the period between January through June 2010 showed a loss from operations of over \$18,000.
9 Furthermore, CCC, Inc. failed to disclose the outstanding promissory notes issued by CCC, LLC and/or
10 Doyle, and the potential liability of CCC, Inc. on those notes.

11 15. The brochure states that “if [CCC, Inc.] make[s] money, you make money.” However, CCC, Inc.
12 has not disclosed its dividend policy.

13 16. The brochure states that “the offering is authorized...by the State of Washington.” However, as of
14 the date of this order, CCC, Inc.’s application for registration is pending and no permit has been issued.

15 17. CCC, Inc.’s offering materials did not disclose material information regarding Doyle’s business
16 background, such as his track record as a cinema operator, or his qualifications for running a business.

17 Registration Status

18 18. Columbia City Cinema, Inc. is not currently registered to sell its securities in the State of
19 Washington and has not previously been so registered.

20 19. Paul Doyle is not currently registered as a securities salesperson or broker-dealer in the State of
21 Washington and has not previously been so registered.

1 **CONCLUSIONS OF LAW**

2 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

3 1. The offer of the investments described above constitutes the offer of a security as defined at RCW
4 21.20.005(10) and (12).

5 2. Respondents Columbia City Cinema, Inc. and Paul Doyle violated RCW 21.20.140, the securities
6 registration provision of the Securities Act because they offered securities for which there was no effective
7 registration on file with the Securities Administrator.

8 3. Respondent Paul Doyle violated RCW 21.20.040 by offering said securities while not registered as
9 a securities salesperson or broker-dealer in the State of Washington.

10 4. The offer of said securities violated RCW 21.20.010 because, as set forth in the Tentative Findings
11 of Fact, Respondents made misstatements of material facts or omitted to state material facts necessary in
12 order to make the statements made, in light of the circumstances under which they were made, not
13 misleading.

14 5. The statement in the brochure that “the offering is authorized...by the State of Washington”
15 violated RCW 21.20.360 by representing that the Director of the Department of Financial Institutions has
16 passed upon the merits of the offering of securities.

17 6. The registration statement filed on behalf of Columbia City Cinema, Inc. is incomplete in a
18 material respect or contains statements which are, in light of the circumstances under which they were
19 made, false or misleading with respect to any material fact which is a ground for issuance of a stop order
20 pursuant to RCW 21.20.280(1).

1 7. By violating RCW 21.20.040, 21.20.140, 21.20.010, and 21.20.360, Respondents have willfully
2 violated provisions of the Securities Act in connection with the offer of securities issued by Columbia City
3 Cinema, Inc. which constitutes a ground for issuance of a stop order pursuant to RCW 21.20.280(2).

4 **STOP ORDER DENYING EFFECTIVENESS**

5 Pursuant to RCW 21.20.280, based on the above Tentative Findings of Fact and Conclusions of
6 Law, and finding it in the public interest, the Securities Administrator enters this Stop Order denying the
7 effectiveness of the application for registration filed on September 27, 2010 by Columbia City Cinema,
8 Inc. This Order may be modified or vacated at the discretion of the Securities Administrator upon the
9 amendment of the terms of the offering and the registration statement to comply with the Securities Act of
10 Washington, RCW 21.20, and the rules adopted thereunder.

11 **NOTICE OF INTENT TO ENTER ORDER TO CEASE AND DESIST**

12 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities
13 Administrator intends to order that Respondents, Columbia City Cinema, Inc. and Paul Doyle, their agents
14 and employees, each cease and desist from violations of RCW 21.20.010, RCW 21.20.040, and RCW
15 21.20.140.

16 **NOTICE OF INTENT TO IMPOSE FINES**

17 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of
18 Law, the Securities Administrator intends to order that Respondents, Columbia City Cinema, Inc. and Paul
19 Doyle, shall be jointly and severally liable for and shall pay a fine of \$10,000.

1 **NOTICE OF INTENT TO RECOVER COSTS**

2 Pursuant to RCW 21.20.390(5), and based upon the Tentative Findings of Fact and Conclusions of
3 Law, the Securities Administrator intends to order that Respondents, Columbia City Cinema, Inc. and Paul
4 Doyle, shall be jointly and severally liable for and shall pay the Securities Division’s investigative costs in
5 the amount of \$1,000.

6 **AUTHORITY AND PROCEDURE**

7 This ORDER DENYING EFFECTIVENESS is entered pursuant to the provisions of RCW
8 21.20.280 and RCW 21.20.300, and is subject to the provisions of RCW 34.05.

9 This STATEMENT OF CHARGES is entered pursuant to the provisions of RCW 21.20 and is
10 subject to the provisions of RCW 34.05.

11 The Respondents may each make a written request for a hearing as set forth in the NOTICE OF
12 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order.
13 If a Respondent does not request a hearing, the STOP ORDER DENYING EFFECTIVENESS OF
14 APPLICATION FOR REGISTRATION OF COLUMBIA CITY CINEMA, INC. will become final.
15 Furthermore, if a Respondent does not request a hearing, the Securities Administrator intends to adopt the
16 above Tentative Findings of Fact and Conclusions of Law as final, and enter an order to cease and desist
17 permanent as to that Respondent.

18 DATED and ENTERED this 2nd day of December, 2010.

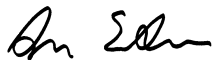
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21 WILLIAM M. BEATTY
22 Securities Administrator

23 STOP ORDER DENYING EFFECTIVENESS OF
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Approved by:



SUZANNE SARASON
Chief of Enforcement

Presented by:



Edward R. Thunen
Financial Legal Examiner

Presented by:



Jiyoung C. Kwon
Financial Legal Examiner

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